



## MEDIA STATEMENT

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### HARDWARE WAREHOUSE ACQUIRES TWO NEW BUSINESSES

**14 July 2008:** Hardware Warehouse Limited (“HWWH”) today announced the acquisition of two new stores which bring the total number of trading stores to 16. **“We have purchased two existing hardware related businesses in Queenstown and Gonubie, East London,”** says Shaun Miller CEO of HWWH.

**“The excellent location for trading is what attracted Hardware Warehouse to the Queenstown business,”** says Miller. HWWH purchased the Queenstown store for R1, 21million effective May 2008. This store is well known as a solid family run business that has been operating for 20 years. It has 1 000m<sup>2</sup> of retail space and a 2 000m<sup>2</sup> yard for excess stock. **“We will re-brand the store and put the HWWH special touch on the business.”** It will also incorporate a Bath and Tile Warehouse, a new Division of Hardware Warehouse. Certain key management will remain on board to ensure that customers are not negatively affected during the takeover process.

Hardware Warehouse purchased an existing business called 45 Degrees, in Gonubie, East London, traditionally supplying middle to high LSM customers, shopping malls and contractors with granite tops, sandstone, cladding and upmarket tiles. The effective date of occupation was 1 July 2008. The store has approximately 300m<sup>2</sup> of display area, with a large yard and working area for the granite top manufacturing section. It will be re-branded and fall under the Bath and Tile Warehouse banner with HWWH’s range of tiles and sanitary ware added to existing offerings. This store will also display a hardware range to complement bath and tile renovations for example; bricks, lintels, airbricks, cement, doorframes and tools.

**“The business was purchased in line with our medium term strategy of diversifying our customer base and product range,”** says Miller. HWWH is now expanding to selling more upmarket products to a higher LSM category in urban areas. The company will also consider providing credit to selected contractors that conform to a strict credit policy. Supplier management and customer synergies are expected to result as Bath and Tile Warehouse branch count expands.

HWWH opened its first bath and tile concept store in King Williams Town in November 2007 which has over delivered on trading expectations. These concept stores mostly follow a store within a store approach displaying complete bathrooms in order for customers to get an exact picture of what the finished product would look like. There will also be a number of stand alone Bath and Tile Warehouse branches. **“We are currently rolling out the full Bath and Tile Warehouse concept in a number of existing branches, these being Mdantsane, Sterkspruit, Cofimvaba and Mtubatuba,”** says Miller.

HWWH has not experienced a downturn in sales during 2008. This is mainly due to the market in which the company operates which is a cash market with a lower ratio of debt to household income. To HWWH customers, building material is a necessity rather than a luxury item. Furthermore, the company has tremendous room for growth and is continuously adding new ranges of products into its branches.

The company will announce its annual results for the year ended June 2008 in mid September 2008.

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**Hardware Warehouse Holdings Limited Ticker: 'HWW'**  
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**Notes to Editors:**

Hardware Warehouse is a retailer of low cost building materials and associated products, selling directly to predominantly cash paying customers from LSM groups 1-5, including homebuilders, home improvers, contractors, traders as well as government organisations.

Hardware Warehouse was established in 1996 in King Williams Town, where its first warehouse-style operation quickly expanded to three stores. From this base, the company opened another one to two stores per year in the towns of Alice, Butterworth, Port Alfred, Mdantsane, Ngcobo, Mthatha, Cofimvaba, Lusikisiki, Sterkspruit and Queenstown. The company has expanded its footprint into Mtubatuba, Kwa-Zulu Natal, and plans to expand into the other provinces of South Africa and neighbouring territories.

A large portion of the company's customer base falls within the lower to middle income rural groups; it is however experiencing increased exposure to urban customers. As part of its growth strategy, Hardware Warehouse is establishing a presence within these areas, where higher margins may be achieved.

Acknowledging that the buying of materials to build or improve a home can be a significant expenditure and a daunting process to its target market, the company has developed a specific environment and approach to make the selection and buying of products both comfortable and understandable.

Hardware Warehouse's core competencies are in the understanding of its niche market, the precise selection of retail sites and the choice of product range to meet the particular needs of its target market, always ensuring that its product range remains at the most competitive prices.